



LEGAL DEPARTMENT

Duke Energy Corporation

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January 16, 2008

Mr. Charles L. A. Terreni
Chief Clerk/Administrator
The Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

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SC PUBLIC SERVICE
COMMISSION

Re: Report of Issue and Sale
Docket No. 2007-338-E

Dear Mr. Terreni:

Enclosed for filing with the Commission are an original and ten conformed copies of a Report of Issue and Sale of Securities.

Due to the volume of the exhibits to this report, we have included such exhibits only in the original and five conformed copies. Please contact the undersigned at (704) 382-8123 or Bob Lucas at (704) 382-8152 if more copies of the report or the exhibits are required, or if you have any questions.

Sincerely yours,

Catherine E. Heigel

CEH:dsd
Encls.

cc: Nanette S. Edwards, Esq.

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SC PUBLIC SERVICE
COMMISSION

BEFORE

THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2007-338-E

In the Matter of)	
Application of Duke Energy Carolinas, LLC)	REPORT OF ISSUE AND SALE
for authorization under Article 13, Chapter 27)	OF SECURITIES
of Title 58 of the Code of Laws of South)	
Carolina (1976, as amended) to Issue and Sell)	
Securities)	

1. Securities Issued and Sold

Duke Energy Carolinas, LLC (the "Company") hereby reports that, pursuant to the authority granted by the Commission in this docket, the Company issued and sold securities as described below:

Mortgage Bonds

On January 10, 2008, the Company issued and sold \$400,000,000 aggregate principal amount of the Company's First and Refunding Mortgage Bonds, 5.25% Series due 2018 (the "2018 Mortgage Bonds") and \$500,000,000 aggregate principal amount of the Company's First and Refunding Mortgage Bonds, 6.00% Series due 2038 (together with the 2018 Mortgage Bonds, the "Mortgage Bonds"), pursuant to an underwriting agreement, dated as of January 7, 2008, with J.P. Morgan Securities Inc. and Wachovia Capital Markets, LLC, as representatives of the several underwriters named therein (the "Underwriters"). The Mortgage Bonds were sold to the Underwriters at a discount to their principal amount. The Mortgage Bonds were issued under the First and Refunding Mortgage, dated as of December 1, 1927, as amended by the Eighty-Fifth Supplemental Indenture (the "Supplemental Indenture"), dated as of January 10, 2008, between the Company and The Bank of New York Trust Company, N.A., as Trustee. The Supplemental

Indenture, the Underwriting Agreement and the prospectus describing the Mortgage Bonds contain further details on the Mortgage Bonds, as required under the Commission's order in this docket. Such documents are attached hereto as exhibits and are incorporated by reference to this description of the Mortgage Bonds.

Following is an itemized statement of expenses, other than underwriting compensation, incurred by the Company in effecting the Mortgage Bonds offering. Certain of such expenses are estimates.

Accounting Fees	\$	50,000
Legal Fees and Expenses	\$	45,000
Miscellaneous	\$	5,000
Printing Costs	\$	15,000
Rating Agency Fees	\$	376,500
SEC Registration Fee	\$	35,370
Trustee Fees	\$	5,500
TOTAL	\$	532,370

Tax Exempt Solid Waste Bonds

On November 15, 2007, the Company borrowed the proceeds resulting from the issuance of \$100,000,000 principal amount of North Carolina Capital Facilities Finance Agency Solid Waste Disposal Revenue Bonds (Duke Energy Carolinas Project), issued in two series of \$50,000,000 each and denoted Series 2007A and Series 2007B (the "Solid Waste Bonds"). The Solid Waste Bonds were issued pursuant to a Bond Purchase Agreement for each series dated November 15, 2007, between the Agency and the underwriters listed therein. The Company borrowed the proceeds of the Solid Waste Bonds pursuant to a Loan Agreement for each series dated as of October 1, 2007. Principal and interest payment obligations under the Solid Waste

Bonds are insured pursuant to an Insurance Agreement dated as of October 1, 2007, for each series, between the Company and Ambac Assurance Corporation. The terms of the Solid Waste Bonds are further described in the Official Statement filed as an exhibit hereto. As further described in the Official Statement, the net proceeds of the offering were and will be used to finance the acquisition, installation and construction of flue gas desulphurization (or “scrubber”) equipment and related infrastructure at the Company’s Allen, Marshall and Belews Creek electric generation plants.

The terms of the Insurance Agreement relating to each series of Solid Waste Bonds require the Company to secure its reimbursement obligation to Ambac in the event it issues additional mortgage bonds beyond the amount of Mortgage Bonds outstanding at the date of such agreements. As a result of the issuance of the Mortgage Bonds reported upon in this Report of Issue and Sale, the Company will issue to Ambac a series of Mortgage Bonds as security for the Company’s obligation to reimburse Ambac for payments it may make under the Insurance Agreements in respect of the Solid Waste Bonds. In its Order in this docket, the Commission authorized the issuance of Mortgage Bonds to secure obligations under tax exempt bonds such as the Solid Waste Bonds. As this series of Mortgage Bonds is issued as security only and not as an incremental financial obligation of the Company, such bonds do not represent the use of additional authority under the terms of the Commission’s order in this docket.

Following is an itemized statement of expenses, other than underwriting compensation, incurred by the Company in effecting the Solid Waste Bonds offering. Certain of such expenses are estimates.

Accounting Fees	\$	50,000
Insurance Costs (initial premium only)	\$	90,000

Legal Fees and Expenses	\$	150,000
NCCFFA Issuance Fee	\$	55,000
Printing Costs	\$	15,000
Rating Agency Fees	\$	80,000
Trustee Fees	\$	5,500
TOTAL	\$	445,000

2. Remaining Authority under Commission Order

The securities reported herein represent \$1,000,000,000 of the \$2,000,000,000 authorized by the Commission in its Order in this Docket. After issuance of such securities, there remained a balance of \$1,000,000,000 authorized under this Docket.

3. Exhibits

Pursuant to the Commission's Order, there are attached hereto and made a part of this Report the following exhibits:

1. Prospectus Supplement dated January 7, 2008, describing the Mortgage Bonds offering.
2. Underwriting Agreement dated January 7, 2008, between the Company and the Underwriters relating to the offering of Mortgage Bonds.
3. 85th Supplemental Indenture to First and Refunding Mortgage.
4. Official Statement for Solid Waste Bonds, dated November 15, 2007.
5. Loan Agreement between the North Carolina Capital Facilities Finance Agency and the Company, dated as of October 1, 2007, relating to the Series 2007A Solid Waste Bonds.

6. Loan Agreement between the North Carolina Capital Facilities Finance Agency and the Company, dated as of October 1, 2007, relating to the Series 2007B Solid Waste Bonds.
7. Insurance Agreement relating to the Series 2007A Solid Waste Bonds, dated October 1, 2007, among the Company and Ambac Assurance Corporation.
8. Insurance Agreement relating to the Series 2007B Solid Waste Bonds, dated October 1, 2007, among the Company and Ambac Assurance Corporation.

Respectfully submitted this 16th day of January, 2008.

DUKE ENERGY CAROLINAS, LLC

By: Robert J. Jucos
Assistant Secretary

Sworn to and subscribed before me
this 16 day of January 2008.

Patricia C. Ross

Notary Public

My Commission Expires: 10-17-2009

[SEAL]

